

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01 PRS-01

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R 100406Z MAR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9847

INFO AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE BANGKOK 5398

E.O. 11652: N/A

TAGS: EALR, EFIN, TH

SUBJECT: \$100 MILLION LOAN TO THAILAND OVERSUBSCRIBED

REF: A) BANGKOK 26610 B) BANGKOK 3802

1. THAILAND'S FIRST VENTURE INTO THE PRIVATE CAPITAL MARKET HAS GONE WELL. THE LOCAL REPRESENTATIVE OF MANUFACTURERS HANOVER, THE MAIN UNDERWRITER, TOLD EMBASSY THAT THE LOAN WAS PLACED WITHIN A SHORTER TIME THAN IS USUAL FOR ONE OF ITS SIZE. ACCORDING TO PRESENT PLANS THE LOAN AGREEMENT UNDER WHICH THAILAND WILL BORROW \$100 MILLION WILL BE SIGNED ON MARCH 19 IN LONDON.

2. LOAN WAS OVERSUBSCRIBED BY MORE THAN 35 PERCENT, DESPITE SOME GRUMBLING THAT THE INTEREST RATE OF 1 5/8 PERCENT ABOVE THE SIX MONTH LONDON INTER-BANK RATE WAS TOO LOW. TWO BANKS NOT INVITED TO PARTICIPATE (CROCKER CITIZEN'S AND THE BANK OF MONTREAL), ASKED TO BE INCLUDED FOR TEN MILLION DOLLARS EACH.

3. WE EXPECT THAT THAILAND WILL BE IN THE PRIVATE CAPITAL MARKET ON A REGULAR BASIS IN THE FUTURE. THE GOVERNMENT
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WILL UNDOUBTEDLY ATTEMPT TO GET PUBLIC RELATIONS CAPITAL

OUT OF THIS SUCCESSFUL PLACEMENT, WHICH DEMONSTRATES THAT
MAJOR INTERNATIONAL BANKERS ARE WILLING TO PUT UP \$100
MILLION TO BACK UP THEIR BELIEF THAT THE THAI DOMINO IS
STANDING FIRM.
WHITEHOUSE

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NNN

Message Attributes

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